Previous File :

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IOR: L/P&S/12/2179

No. 7

File 10

POLITICAL (EXTERNAL) DEPARTMENT.

COLLECTION.

GENERAL HEADING { Arms. China (Yunnan)

SUB-HEAD - - { Export of arms to China via Burma

Notes: boll 7/9 Arms for China.

7139/19 : Abrogation of China Arms Embargo Order.

This File contains the following papers :—

YEAR.											
1932.	P. Z.	1434.	1549.	1856	1994	2329	Copy 2564	2683	2727.	2953	
1932.	P. Z	3445	3525	3559	3680.	3743	3863	4191	4383.	4450 4551	
1932.	P. Z-	6302.									
1933.	P. Z-	380									
19 .	P.										
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19 .	P.										
19 .	P.										

☞ Papers may be removed from or placed within this File only by the Political Registry.

4987B 1000 12.30

Copy (E 6434/33) for P.J. 380/33 (3) mD

SILVER BULLION TO BURMA BY LAND ROUTE: further particulars on the subject

BRITISH CONSULATE-GENERAL,

Legation General No.32
(and three copies)

YUNNANFU.

November 2nd, 1932.

Copies to
Sub-Legation, Nanking.
Burma
Tengyueh

Sir,

With reference to my despatch Legation General No.31 of the 1st instant, and to my despatch (same series),No.26 of the 7th ultimo on the subject of arms and ammunition required by the Yunnan Provincial Government, I have the honour to send herewith some further particulars on the general question of the silver bullion for Burma, which is coupled with the arms question.

2. Monsieur Malortigue came to see me today on the subject of the silver bullion, as he had been requested by the Manager of the Futien Bank, Li Hsi-p'ing, to intervene with me in order to obtain some softening of the present drastic action of the Indian Government in imposing an import duty - which was tantamount to a complete closure of the frontier to silver - without any previous notice. Malortigue said that, up to the present, he had never met, nor had anything to do with, Li Hsi-p'ing, and so he was all the more surprised that the man should seek him out. Li himself did not appear at the interview, but his representative began by suggesting that Malortigue's contract for arms and ammunition might be preferred to that of de Dieu, since the former's contract was for British material. Malortigue said that he did not understand, whereupon the representative became more explicit, saying that if M.could arrange that the embargo on the import of silver into Burma could be rescinded, the contract for the arms and ammunition was his. M. replied that he was merely here representing the British house, Arnhold & Co., and the

E.M.B. Ingram,Esquire, O.B.E.,
His Majesty's Charge d'Affaires,
British Legation,
Peiping.

other/

other question was one which involved the interests of the Indian Government, hence there was no connection whatsoever between the two matters. The representative, however, pressed him to come and see me, and finally he agreed to do so, and to put the local people's difficulties before me.

3. I told M. that I saw the difficulties of the situation, and I had already done the best that I could do, that is to say, I had pressed the fact that the duty had been imposed without notice upon the attention of the Burma Government. I had further asked, if the latter would not consider some extension of the time within which the new tariff should come into force, so that a compromise might be agreed to, by which the merchants might be allowed to get out of their commitments without undue loss, but also without any profit.

4. As I suggested in my former despatch, Li Hsi-p'ing, manager of the official Futien Bank, was so very closely in touch with the Yunnan provincial government, I felt convinced that the government was comcerned in the matter. From what M. told me, the first consignments of silver bullion to Burma were entirely in the hands of private merchants, and the business had been done in small parcels. Now thetrade was to be done on a large scale, and it was not a private enterprise in fact - of course the government's name was to be kept out of the matter - but the government was employing Li Hsi-p'ing to make a profit for the authorities. From the profits of this silver deal, the arms contract was to befinanced, as the government had not enough money to carry the thing through, unless they obtained some extra funds from somewhere. No wonder the Special Deputy for the Ministry of Foreign Affairs was so taken up about the matter!

5. For the moment the arms contract is definitely hung up, until the question is settled as to what is to be done with all the silver bullion which is on the road between here and Bhamo. What I said about the care that must be given to the scrutiny of the costs of transport in any possible arrangement which might be come to, is borne out by what Malortigue told me. He has had it stated definitely that the cost of horse transport from here to Bhamo was Yunnan dollars six hundred and fifty, the amounts which the merchants gave when they saw me two days ago, added up to one thousand paper dollars. I am afraid that one must accept it as axiomatic, that all sorts of trickery and lying will be indulged in - should the Indian government agree to any negotiations for a compromise, -before one can arrive at a basis of settlement of the silver bullion question. If no compromise be arranged, then we must expect the relations between this province and Burma to be on a distinctly difficult footing for some time to come.

I have the honour to be,

Sir,

Your most obedient,

humble servant,

(signed) H.F. Handley-Berry,

Acting Consul-General.

INDEXED

3

India (G)

Pub. on file.

17/x

6302
1932

28605/32.S.2

pp 4551 - Coll 7/10.

Forwarded with the Compliments

of the

Comptroller-General.

Ites
15/10/32

E.P. Donaldson Esq.

India Office

ENCLOSURE IN WEEKLY LETTER
No. 42
20 OCT. 1932
FROM SECRETARY, POLITICAL AND
SECRET DEPT. INDIA OFFICE

DEPARTMENT OF OVERSEAS TRADE,

35, Old Queen Street,

London, S.W.1.

28 E.P.

(7)

8302
1932

28605/1932/2/3.

14th October, 1932.

Gentlemen,

I have to inform you that a telegram dated Yunnanfu 12th October has been received from the British Consul-General at that place requesting that the following message be delivered to you, with reference to a telegram sent on the 3rd October:-

> "All that is required at the present time is the prices at which Hotchkiss is prepared to sell the arms and ammunition quoted in the telegram from Shanghai. The prices are required as soon as possible. Some delay in delivery is not of great importance."

The above telegram was communicated by telephone to Mr. Rainer on the 14th instant. It is understood that the reference is to a telegram sent by your firm to Shanghai on the 3rd October.

Yours faithfully,

Messrs. Armhold & Co. Ltd.

for the Comptroller-General.

Reference D.O.T. 236/72/1144/24/S

For the attention of Mr. E. P. Donaldson

(8)

P.Z. 4551 1932

INDEXED

THE Comptroller-General of the Department of Overseas Trade presents his compliments to The Under Secretary of State India Office.

and transmits herewith copy of the undermentioned paper for information and retention.

(4)

pp 4450 - Mail letter.

4383.

Department of Overseas Trade,

35, *Old Queen Street, S.W.*1.

28. 7 , 1932.

Sec & O Dept

For information

29. VIII

Reference to previous letter :

Letter from / to D.O.T. dated reference

E. & O. 5330 1932

Description of Enclosure.

Name and Date.	Subject.
Com. Cabr. Shanghai O.T.B. 96. 1/4/32	Tenders for the supply of arms & ammunition.

INDIA OFFICE 29 JUL 1932

Keep

ENCLOSURE IN WEEKLY LETTER No. 233 18 AUG. 1932 FROM SECRETARY, POLITICAL AND SECRET DEPT. INDIA OFFICE

REC'D E. & O. REGY 30 JUL 1932 INDIA OFFICE

Copy also sent to :— JO.

B.5454. Wt. 14621/580. 5,000. 10/31. Wy. & S. 613.
B. 6508. Wt. 907/787. 5,000. 4/32.

Original Via Siberia.
Copy Via Canada.

(9) H.

OFFICE OF H. M. COMMERCIAL COUNSELLOR.

4551
1932

SHANGHAI.
1st July 1932.

Sir,

Overseas Trade "B"
No. 96 (A/9)
(and [redacted] copies)

With reference to your despatch O. T. No. 71 of 6th May 1932 regarding the enquiry of the Yunnan Government for tenders for the supply of arms and ammunitions, I have the honour to inform you that on the 20th May last I received a telegram from H. M. Consul General at Yunnanfu stating that the Government of India had consented to the transport of such munitions of war via Burma and enquiring when quotations from Messrs. Arnhold & Co. might be expected.

2. On the same day Messrs. Arnhold & Co. informed me that through their London House they had ascertained from the Department of Overseas Trade that the Government of India had agreed to grant facilities for the transport of these arms through Burma subject to conditions which I now find enumerated in Mr. Relton's letter of 22nd April to Arnhold & Co.'s London office (enclosure to despatch No. 71 under reference).

3. Accordingly on the 21st May I replied to Mr. Handley Derry at Yunnanfu by telegraph asking him whether he was aware of the conditions on which the Government of India's consent was based; if so, and they could be met, the Department of Overseas Trade would ascertain the cost of escort through Burma and Messrs. Arnhold & Co. would then be able to quote.

4. On/

His Majesty's Principal Secretary of State
for Foreign Affairs,

Department of Overseas Trade,

LONDON.

(10)

4. On 26th May I received a reply from H. M. Consul General stating that until the quotations had been submitted to them the Local Authorities could decide nothing as the prices and conditions would be taken into consideration as compared with other sources of supply. I accordingly advised Messrs Arnhold & Co. to quote as far as the rail-head in Burma, leaving further details subsequently to be considered.

5. In due course on 16th June I received from Messrs. Arnhold & Co. the enclosed letter from which it will be seen that the firm have quoted c.i.f. Bhamo subject to the conditions laid down by the Government of India for all the munitions required excepting field guns and ammunition and aeroplanes which are to be the subject of further consideration.

I have the honour to be,
with the highest respect,
Sir,
Your most obedient,
humble Servant,

(Sgd.) Louis Beale.
COMMERCIAL COUNSELLOR.

(11)

COPY

Engineering Department

ARNHOLD & CO. LTD.

SHANGHAI .

4551
1932

16th June 1932.

The Commercial Counsellor,

H. B. M. Consulate General.

SHANGHAI.

Dear Sir:

S.643 - Armaments for Yunnan:

With reference to our conversation with your Mr. Pelham of this morning on the telephone, we enclose herewith a copy of our letter of even date addressed to Mr. H. S. Handley Derry of H. B. M. Consulate General, Yunnanfu.

Thanking you for your kind assistance in this matter.

We are, dear Sir,

Yours faithfully,

per pro Arnhold & Co. Ltd.

(Sgd.) V. Rose.

F.O. 4551 1932

(12)

COPY

H. S. Handley Derry Esq., SHANGHAI.

H. B. M. Consul General. 16th June 1932.

YUNNANFU.

Dear Sir:

S. 643 - Armaments for Yunnan:

On the 3rd March last, the Office of H. M. Commercial Counsellor, Shanghai, advised us that they had received information by telegraph from H. M. Consul General, Yunnanfu, to the effect that the Governor of Yunnan Province desires to receive quotations from a British Armament Firm for the following supplies:

1. 10,000 Infantry Rifles, 7.9 millimetres, with 1,000 rounds of ammunition per rifle.
2. 200 Light Machine Guns, each with 5,000 rounds.
3. 40 Heavy Machine Guns with 5,000 rounds per gun.
4. Light Field Gun, with 500 rounds of ammunition.
5. Fighting aeroplane equipped with machine guns and ammunition.
6. Two observation planes.

Quotations are required c.i.f. Chinese frontier via Burma and a duly authenticated Central Government permit would be provided.

We were also advised that the above information was reported by cable to the Department of Overseas Trade.

Acting on this information, we approached the Department of Overseas Trade through our London House and they advised us that the Government of India had agreed to grant facilities for the transport of these arms through Burma on the following conditions:

(1) H. M. Consul at Tengyueh is satisfied that the Chinese Local Government is in a position to and will actually make satisfactory arrangements to accept delivery of convoys on the frontier so as to prevent the munitions from falling into wrong hands.

(2) The payment beforehand of the cost of escorting the consignment through Burma.

(3) The passing of the munitions through Burma in such order and in such quantities as may

(4) It is recognised that the permission to allow the munitions to pass through Burma is granted as a matter of courtesy and cannot be demanded as a matter of right.

If the above conditions can be met, the Department of Overseas Trade state that they will take steps to ascertain what the approximate costs will be of escorting the consignment through Burma to the Chinese frontier.

We discussed the above points with H. M. Commercial Counsellor, Shanghai, and were later advised by telegram that was received from Yunnan stating that nothing would be decided until the local authorities had received quotations from us, as prices and conditions would be compared with those received from other sources of supply.

We have now received quotations c.i.f. Bhamo subject to the above conditions laid down by the Government of India. These quotations exclude cost of escort to the Chinese frontier but should the Chinese Authorities agree to the above conditions, we can obtain an estimate for the cost.

We enclose herewith list of quotations, in duplicate, covering the equipment specified under the first three items of the original enquiry, ammunition being quoted separately.

The equipment offered is unused British Surplus War Stocks and same can be supplied in the original .303" calibre, or converted to 7.92 m.m. calibre without extra cost. The .303" ammunition is also of British manufacture, but we understand that the 7.92 ammunition, being the Continental standard, would be made in Europe.

We would prefer of course that the Chinese Authorities accept the equipment in the original .303" calibre, but if they insist we shall be pleased to have same converted to 7.92 m.m. without extra cost.

We also enclose herewith two copies each of photographs illustrating the rifles and machine guns quoted for. The photographs illustrating the British Lee Enfield Rifle shows three models converted to imitate the long, medium and short Mauser type Rifles, prices being the same for either of these three models. The original unconverted .303" rifles would be similar to that illustrated under Model A.

As is customary in China, we have quoted prices subject to a discount. The prices quoted in the attached list are subject to a discount of 10% i.e. they can be reduced by 10% if necessary.

We regret to advise that we have not yet received prices for light field guns and ammunition.

We are looking into the question of aircraft as it may be possible to fly these machines direct from Hongkong or Canton to Yunnanfu, in which case we will quote c.i.f. Hongkong or Canton.

We shall be much obliged if you will hand enclosed list and photographs to the interested Authorities.

Should it be absolutely necessary, our Representative, Major Barker, could visit Yunnanfu.

Thanking you in advance for your kind assistance,

We have the honour to be,

Sir,

Your obedient Servants,

per pro Arnhold & Co. Ltd.

Encls. 1 quotation (in duplicate)
2 photographs.

S. 643

QUOTATIONS FOR UNUSED EX BRITISH SURPLUS WAR STOCKS.

Item 1 10,000 British Lee Enfield, Model 1914 Rifles, .303" calibre, or 7.92m/m. calibre each complete with bayonet and sling. Unused, ex British Surplus War Stocks.

Price each, excluding ammunition --- £ 4-3-0

Item 2 200 Hotchkiss Machine Guns. .303" calibre, or 7.92 m/m calibre. each complete with tripod, ammunition box with with ammunition strips or belts, spare barrel and canvas bag containing spare parts and tools. Unused, ex British Surplus War Stocks.

Price each, excluding ammunition ----- £40.00

Item 3 40 Vickers Machine Guns, calibre .303" or 7.92 m/m calibre, on Mark IV mounting, each complete with telescopic sights, one spare barrel, one spare lock, one leather wallet containing five ammunition belts. Unused, ex British Surplus War Stocks.

Price each, excluding ammunition ----- £85.0.0

AMMUNITION FOR THE ABOVE EQUIPMENT:

.303" calibre cartridges including clips.

Price per 1,000 rounds ---------- £4-11-0

7.92 m/m calibre Cartridges including clips.

Price per 1,000 rounds ---------- G.$26.00

The above prices are c.i.f. Bhamo, excluding cost of escort or any dues or taxes.

(16)

Confidential.

Foreign and Political Department,

D.O.No.F.51-X/32.

Simla,

The 7th July 1932.

INDEXED
4450
1932
FILE COPY

P.B
JCW
29/7

Supply of arms to Yunnan Government.

My dear Nichols,

pp 4383 7/10
4555/
T&W. 4620
4/S 2/8

Please refer to the correspondence ending with your telegram No.C.158, dated the 25th June 1932.

I am desired to forward for information a copy of the communication noted in the margin.

1. Demi-official letter from India Office, London to the Department of Overseas Trade, London, No.P.Z.3559/32, dated the 17th June 1932 with connected papers.

Yours sincerely,

Sd. E.T.R. Wickham.

To

H.L. Nichols, Esq.,
Chief Secretary to the Government of
Burma.

ENCLOSURE IN
INDIA FOREIGN SECRETARY'S
Letter No. 394 M.
Dated 7 JUL 1932
Received 25 JUL 1932

INDEXED

(17)

Copy to India (am) Burma M&D Kenya Coll 2 10/22/41

P. Z. 4383 1932

pp 4191 —

Forwarded with the Compliments

of the

Comptroller-General.

DEPARTMENT OF OVERSEAS TRADE,

35, OLD QUEEN STREET,

LONDON, S.W.1.

(S) 18.

VD. 23672/27/S.

COPY.

E 4383 1932

ARNHOLD & CO. LTD.,
Stone House,
140, Bishopsgate,
LONDON, E.C.2.

14th July, 1932.

The Department of Overseas Trade,
35, Old Queen Street,
S.W.1.

Dear Sirs,

Ref. S. 643 - Arms for Yunnan.
Your Ref. 23672/27/S.

We beg to thank you for your letter of 9th instant, which reached us to-day, and very much appreciate all the trouble you have taken in securing the information which it contains relating to the cost of transport of Arms through Burma to the Yunnan Frontier.

We have heard nothing further from our friends in China relating to this enquiry, which we are inclined to think has had to be abandoned. We are, however, sending them a copy of your letter, and if they would like us to examine more closely the cost of transport etc. in Burma, we agree that the best way would be to have these points investigated on the spot as you suggest.

Again expressing our thanks for the kind assistance you have rendered us in connection with this business,

We remain, dear Sirs,

Yours faithfully,

For and on behalf of
ARNHOLD & CO.LTD.

(Sgd) E. Rainer,
Sub-Manager.

COPY SENT BY AIR MAIL
of 23/7/32 to GG.

ENCLOSURE IN WEEKLY LETTER
No. 230 28 JUL 1932
FROM SECRETARY, POLITICAL AND
SECRET DEPT. INDIA OFFICE

COPY SENT TO Govt. of Burma

INDEXED

(19) India Burma Mr D

FOREIGN OFFICE AND BOARD OF TRADE

DEPARTMENT OF OVERSEAS TRADE.

Telegrams:
Advantage, Parl., London.

Telephone:
Victoria 9040.

35, Old Queen Street,
S.W. 1.

New Telephone No.: WHITEHALL 9040.

Ref. No......

Your Ref. No......

6

F.O. 4191 1932

P 3843

Cttee 10

1917

Forwarded with the Compliments of the

Comptroller-General with reference to your letter ~~of~~

P.3. 3743/32 of 27 June 1932

Hello

ENCLOSURE IN WEEKLY LETTER
13/7/32
No. 29 21 JUL 1932
FROM SECRETARY, POLITICAL AND SECRET DEPT. INDIA OFFICE

W. C. P. Donaldson.

India Office
Govt. of Burma

COPY SENT TO (S) 20

X

ILL.

9-12

(20)

P. Z.
4191
1932

23672/27/S.
S.643.

9th July, 1932.

Gentlemen,

With reference to previous correspondence relative to arms for Yunnan concluding with the Department's letter of the 21st ultimo and to a telephone conversation with Mr. Rainer on the 8th instant, I have to inform you that a telegram has been received from the Government of Burma to the following effect:-

"The Government of Burma are unable to give a complete answer regarding the cost of the escort without knowing the route or the weight of the consignment. An escort will be necessary right up to the frontier. The weight of packages is limited by the necessities of mule transport in China, to probably 120 pounds in 2 packages to a mule. On the assumption that the consignment is 2250 mule loads, a rough estimate of cost of escort via Bhamo or Myitkyina is Rupees 10,000, or via Lashio and motor lorry to the frontier, 3500. Transport is probably impossible during the monsoons, especially by Lashio route. The Bhamo route is probably most practicable".

ENCLOSURE

The.....

Messrs. Arnhold & Co. Ltd.

The suggestion has been made that the time has arrived when some firm established in Burma could act on your behalf for obtaining further information from the Government of Burma regarding the transit of the consignment through Burma and should the transaction materialize, as forwarding agents. The firm should be able, on the one hand, to supply detailed information regarding the maximum weight for each package and on the other, to make suggestions regarding the most suitable route for the consignment to follow.

Reference to a current directory has shewn that there is a firm styled Arnhold & Co. Ltd., established in Rangoon, but it is not knownwhether they are connected with your firm. The name of the following firm has also been suggested as being possibly able to suit your requirements in this connection. It is given, of course, subject to the usual disclaimer of guarantee or responsibility on the part of the Department:-

Messrs. Balthazar & Son Ltd.,
Shipping and Forwarding Agents,
581, Merchant Street, Rangoon.
London Office:- 73/76, King William Street, E.C.3

Yours faithfully,

for the Comptroller-General.

INDEXED

BY AIR MAIL.

(22)

P. Z. 3843 1932

30 JUN 1932

(COPY TO INDIA OFFICE AND PEKING.)

(4)

1412.

Telegram R. No. 1412., dated 17th June 1932.

From : . . . .Foreign,Simla.

To . . . . . Burma, Rangoon.

pp 3743

Reference Secretary of State's telegram No.1639 dated June 15th. Arms for China. Please furnish the desired information to Secretary of State direct repeating to Government of India.

(X.,P.S.V. & O.)

F.A.

INDEXED

FILE COPY

P. Z.
3743
1932

(23) 27/6 D.O.T.

Mr D.

I have spoken to D.O.T. who will write to Archbold

Keep

28/6.

FRB/RTJ/DT. (45 groups) 3275

D E C Y P H E R O F T E L E G R A M.

(COPIES CIRCULATED) From Government of Burma to Secretary of State for India.

Dated Maymyo, 25th June, 1932.

Received 10.15 a.m., 25th June, 1932.

pp 3680 Cal 7/10

X

C.158. Addressed to Secretary of State and repeated to Foreign and Political Department of the Government of India.

3445/32

Secretary of State's 1638, June 15th. Burma Government unable to advise completely without knowing route or weight of consignment. Escort necessary right up to the frontier. Weight of packages limited by need of mule transport in China, probably 120 pounds to mule, in 2 packages. On the assumption that the consignment is 2250 mule loads, rough estimate of cost of escort via Bhamo or Myitkyina is Rupees 10,000, or via Lashio and motor lorry to the frontier, 3500. Transport probably impossible during the monsoona, especially by Lashio route and Bhamo route is probably most practicable.

RECEIVED IN POLITICAL DEPARTMENT 27 JUN 1932

(24)

Keep with file

22/vi

INDEXED

P.Z. 3680 1932

Forwarded with the Compliments

of the

Comptroller-General.

Col 7/6

With reference to Mr. Donaldson's letter to Mr. Relton, P.Z.3559/32, of 17th June, 1932.

Copy also sent to Mr Bowker

21st June, 1932.

DEPARTMENT OF OVERSEAS TRADE,

35, Old Queen Street,

London, S.W.1.

E.I.

(25)

P. Z.
3680
1932

23672/27/S/139
S.643.

21st June, 1932.

Gentlemen,

With further reference to your letter of the 13th June regarding the enquiry for arms for Yunnan, I have to inform you that the India Office have now informed the Government of India by telegraph that you wish to have an estimate of the cost of escorting a consignment of arms of approximately 4,500 cases through Burma. The Government of India have at the same time been asked whether an escort would be required from the port of entry to the frontier or only from Myitkina or Bhamo, also what restrictions there would be on the maximum weight of each package.

It will rest with the Government of Burma to determine the route by which the consignment is to pass through/

Messrs. Arnhold & Co., Ltd.

through their territory, if permission is given, though they will naturally take into consideration the convenience of the Chinese and the practicability of the provision of transport on the route selected.

Yours faithfully,

for the Comptroller-General.

(27)

P Z 3559/32

Kenp 21/vi

(8)

17 JUN 1932

T. L. Kelton Esq MBE
D.O.S.

Dear Kelton

Thank you for your l. of 16th June enclosing further corrs. with Arnhold about arms for Yunnan (23672/(37)/27.S)

You will now have received a copy of the telen we sent to India & Burma, the reply to which I think we must await before going further.

I will however send a copy of the further papers by this week's air mail to India, in case it may make any difference to their reply, but I think perhaps it may be worth while pointing out to Messrs. Arnhold that it will rest with the G. of Burma to determine the route by which the consignment is to pass through their territory, if permission is given, though they will naturally take into consideration the convenience of the Chinese and the practicability of the provision of transport on the route selected.

I am ~~also~~ sending a copy of this l. to Bowker.

Yours sincerely.
(Sd.) E. P. DONALDSON

Sign 17/vi

Copy to India (Q.Mn.) 17/6/32
with l. P Z 3445/32

Copy to M. Bowker 7o. 17/6/32

MN

FOREIGN OFFICE AND BOARD OF TRADE.

India (Arms)
17/6 (28)

P.Z.
3559
1932

DEPARTMENT OF OVERSEAS TRADE.

New Telephone No.: WHITEHALL 9040.
Telephone: Victoria 9040.
Telegrams: Advantage, Parl, London.

Ref. No. 23672/137/27.S.

(4)

35, Old Queen Street,
London, S.W.1.

16th June, 1932.

Dear Donaldson,

In continuation of my letter of the 11th instant and a "with compliments slip" of the 14th instant, I enclose copies of further correspondence with Messrs. Arnhold and Company about the proposed consignment of arms for Yunnan from which you will see that they want to know the cost of the escort in Burma both via Bhamo and via Myitkyina.

I am sending a copy of the correspondence to Bowker, also to Shanghai, Yunnanfu and Tengyueh.

Yours sincerely

J.P. Nelson.

E.P. Donaldson, Esq.,
India Office.

(29)

COPY. 23672/137/27S.

P.Z. 3559 1932

ARNHOLD & CO. LTD.,

Stone House,

140, Bishopsgate, London. E.C.2.

13th June, 1932.

The Department of Overseas Trade,
35, Old Queen Street, S.W.1.

Dear Sirs,

Ref. S. 643 - Arms for Yunnan.
Your Ref. 23672/134/27.

We beg to thank you for your letter of 11th inst., and believe that it will be found more convenient for us to quote for delivery of the goods in question at Bhamo, and are preparing calculations for transport to that point by river steamer from Rangoon. It is quite possible that it would also suit the convenience of the Chinese better than if we delivered at Myitkyina, and we trust, therefore, that you will be able to give us the approximate cost of an escort from Rangoon to Bhamo, and also from Bhamo to the Burma-Yunnan frontier.

With our thanks in anticipation,

We remain, dear Sirs,

Yours faithfully,

For and on behalf of
ARNHOLD & CO.LTD.

(Sgd:)

MN

(30)

P.Z.
3559
1932

23672/137/278.
S. 643.

16th June, 1932.

Gentlemen,

I have to acknowledge the receipt of your letter of the 13th instant and to inform you in reply that a copy is being forwarded to the India Office in order that it may be considered in conjunction with your letter of the 3rd instant.

Yours faithfully,

for the Comptroller-General.

Messrs. Arnhold & Company, Limited.

P.Z.3445/32.

India Office,
Whitehall, S.W.1.

15th June, 1932.

Dear Relton

With reference to your letter of the 11th June, 23672/134/27 about arms and munitions for the Yunnan Government, I enclose copy of a telegram of enquiry which we have sent to the Government of India (repeated to Burma) on the points raised in the correspondence with Arnhold & Co., Ltd.

I am sending a copy of your letter and enclosures to India (by Air Mail) and to Burma, and a copy of this reply and its enclosure to Rowhurst the Foreign Office.

Yours sincerely.

(Sd.) E. P. DONALDSON.

F.L.Relton, Esq., C.B.E.,
Department of Overseas Trade,
35, Old Queen Street,
S.W.1.

Z.3445/32.

By air mail

16th June,1932.

Dear Sir,

With reference to the correspondence regarding arms and munitions for the Yunnan Government including

Department of Overseas Trade to Arnhold & Co.,Ltd.,dated 21st April,1932. & of 14.6.32
d.o.letter from Mr. Relton, Department of Overseas Trade, dated 6th May,1932 & encl.
d.o.letter to Mr. Relton " 10th May,1932.
Department of Overseas Trade to Arnhold & Co.,Ltd., dated 14th May,1932.
d.o.letter from Mr. Relton, Department of Overseas Trade dated 11th June,1932 and enclosures.
Messrs Arnholds to Dept of Overseas Trade of 6.6.32

the Government of India's telegram No.987 dated 15th April, I am desired to forward for the information of the Government of India copy of the papers noted in the margin. A copy has been sent direct to the G of Burma by sea mail of 16th June.

Yours faithfully,

(Sd.) E. P. DONALDSON.

P.S. Copy of a d.o. letter from Mr Relton, D.O.T. d. 16th inst. encls., & of my reply is also enclosed. These papers have not been sent to Burma

EPD
17.VI.32

The Foreign Secretary to the
Government of India,
Foreign and Political Department.

(33)

Z.3445/32.

16th June,1932.

Dear Sir,

With reference to the correspondence regarding arms and munitions for the Yunnan Government including

Department of Overseas Trade to Arnhold & Co.,Ltd., dated 21st April,1932. 9 of 14.6.32
d.o.letter from Mr. Relton, Department of Overseas Trade, dated 6th May,1932 & encl.
d.o.letter to Mr.Relton " 10th May,1932.
Department of Overseas Trade to Arnhold & Co.,Ltd., dated 14th May,1932.
d.o.letter from Mr. Relton, Department of Overseas Trade dated 11th June,1932, and enclosures.

Messrs. Arnholds & Dept of Overseas Trade 6.6.32

the Government of India's telegram No.987 dated 15th April I am desired to forward for the information of the Government of Burma copy of the papers noted in the margin.

Yours faithfully.

(Sd.) E. P. DONALDSON.

The Chief Secretary to the
Government of Burma,
Maymyo.

(34)

P.Z. 3444 5/32

Draft Paper. **Department.**

T. L. Relton Esq MBE
D.O.T.
35 Old Queen St
S.W.1

16 JUN 1932

Dear Relton

With ref: to your l. of the 11th June 23672/134/27 about arms & munitions for the Burman Govt., I enclose copy of the telm. of enquiry which we have sent to the G.of I. (repeated to Burma) on the points raised in the corrs. with Arnhold & Co Ltd.

I am sending a copy of your l. & encls. to India (by air mail) & to Burma, & a copy of this reply & its encl. to Bowker at the F.O.

Yours sincerely.
(Sd.) E. P. DONALDSON

Copy to R.J. Bowker 16/6/32 F.O.

3 Drafts (3/vi)

1) To Govt. of India (AIR MAIL)
2) The Chief Secy to the Govt Burma Rangoon.

(By air mail to G of I)

16 JUN 1932

Dear Sir,

With reference to the corrs. regarding arms & munitions for the Burman Govt. including the G.of I.'s telm No. 987 d. 15th April, I am desired to forward for the information of the G. of (1)Share Burma a copy of the papers noted in the margin

To (1) A copy has been sent direct to the Government of Burma by sea mail of 16th June

Yours faithfully.

(Sd.) E. P. DONALDSON.

P.S. Copy of d.o. letter from Mr Relton D.O.T. d. 16th June with enclosures and of my reply is also enclosed
These papers have not been sent to Burma
(Init) E.P.D. 17/VI/32

D.O.T. & Arnholds 21.4.32
d.o. letter from Mr Relton D.O.T. d. 6.5.32
" " to " " 10.5.32 encls.
D.O.T. " to Arnholds & Co Ltd d. 14.5.32
d.o. " from Mr Relton D.O.T. d. 11.6.32
Letter from Arnholds to D.O.T. 6.6.32 encls.
" " D.O.T. to Arnholds 14.6.32

6 of encl

(35)

Cypher

1 blue
9 flimsies

DRAFT TELEGRAM.

P 2 3445/32

C

SECRETARY OF STATE

TO

G.G.I.

~~VICEROY~~, FOREIGN AND POLITICAL DEPARTMENT.

(repeated to Burma)

(Retamilla)

1638

X

Your telen d. 15 April 987. Arms for China. Arnholds are pursuing Yunnan Govt's enquiry and ask for estimate of cost of escorting consignment of approximately 4,500 cases through Burma. Would escort be required from port of entry to frontier or only from Myitkina or Bhamo? What restrictions would there be on maximum weight of each package? Addressed G.G.I. No. 1638. repeated G. of Burma No. 1639.

Copy for Mr Nelson D.O.T.
. Bowker F.O.
under cover of d.o. (Retamilla)

16 JUN 1932

Secret
(Mr Dowson) d/ps
Mss
14. 6.

SEEN BY	DATE	TIME
RECD. IN TEL. BCH.	15/6	10.25 am
CODE, X or XX	X	
DESPATCHED	15/6	5.45 pm
No. OF WORDS	1638 34 sps 1639 35 sps	
SENDER'S INITIALS		

4406 1000 3.30

I.P.O.
3525
1932

36

23672/135/27

Forwarded with the Compliments

of the

Comptroller-General.

NAO
14/6/32.

E.P. Donaldson Esq.
India Office
S.W.1.

DEPARTMENT OF OVERSEAS TRADE,
35, Old Queen Street,
London, S.W.1.

(37)

ILL.

COPY:23672/27/S.

FNB/WW.

P.Z.
3525
1932

ARNHOLD & CO. LTD.,
Stone House,
140, Bishopsgate,
LONDON, E.C.2.

6th June, 1932.

The Department of Overseas Trade,
35, Old Queen Street,
S.W.1.

Dear Sirs,

Re S. 643 - Arms for Yunnan.

We would refer you to our letter of 3rd inst., and as we think the individual weights of the cases mentioned therein, in which the above goods would be packed, might be too heavy for easy handling by coolies, we are suggesting to make the packages lighter, and thus necessitating a larger number of them, so that we imagine that the complete shipment would comprise something like 12,250 cases.

A further point is that we think it would be most advisable to make two shipments, i.e. the Rifles to be sent forward first, and the ammunition later. This should, we think, lessen the risk of attack on either of the convoys, as without the Rifles the Ammunition would not be so attractive, and vice versa. If this suggestion was carried out the Rifles and Machine Guns would comprise about 1,300 and the Ammunition about 11,000 cases.

Yours faithfully,

For and on behalf of
Arnhold & Co. Ltd.,

(Signed)

Sub-Manager.

(38)

8-12

R.F.
3525
1932

23672/27/S.
FNE/WB.

14th June, 1932.

Gentlemen,

I have to acknowledge the receipt of your letter of the 6th instant relative to the packing of the proposed consignment of arms for Yunnan. It would appear that as transport must be effected either by mule or coolie caravan that the lighter the packages can be made the easier they will be transported.

Previous correspondence concluding with the Department's letter of the 14th May has dealt with the possibility of supplying aeroplanes to the Government of Yunnan. The Department has just received a translation of "Regulations for the Importation of Aircraft and Materials" promulgated by the National Government of China....

Messrs. Arnhold & Co. Ltd.

39

R.A.
3525
1932

China mandate, dated March 24th 1932. I enclose a copy for your information.

Yours faithfully,

for the Comptroller-General.

E.I.

FOREIGN OFFICE AND BOARD OF TRADE. Orig. No. P.Z. 3445/32

(40) India (Am.) Burma M. D.

INDEXED

DEPARTMENT OF OVERSEAS TRADE.

New Telephone No.: WHITEHALL 9040.
Telephone: Victoria 9040.
Telegrams: Advantage, Parl, London.
Ref. No. 23672/134/27.

35, Old Queen Street,
London, S.W.1.

11th June, 1932.

Dear Donaldson,

pp 3111

With reference to our conversation over the telephone on the 8th June relative to arms for Yunnan, I enclose a copy of the letter which we have received from Arnhold & Co. It says nothing about aeroplanes. A copy of our reply is also enclosed.

They ask for an estimate of the cost of an escort from Myitkyina to the frontier. We observe, however, that the wording of Government of India telegram No.987, of the 15th April last provides for the cost of escorting the consignment through Burma. That implies presumably an escort during the period of transit from the port of entry to the place of exit, including of course the stages from Myitkyina to the frontier, if Myitkyina is finally

selected/

E.P. Donaldson, Esq.

selected as the town from which the caravan part of the journey is to begin.

We should be much obliged if you would be good enough to telegraph to the Government of India regarding an estimate of the cost of providing an escort, and also clearing up the point about the necessity of an escort while the consignment is in transit.

It may eventually be found that the consignment may go through Bhamo and not Myitkyina, since I understand that the road from Bhamo to Tengyueh is the easier of the two.

We are sending copies of Arnhold & Co.'s letter and of our reply to His Majesty's Consular officers at Yunnanfu and Tengyueh and to the Commercial Counsellor at Shanghai.

A copy of this letter and of its enclosures has been sent to Bowker at the Foreign Office.

Yours sincerely

E.I.

(42)

COPY 23672/134/27.

ARNHOLD & CO. LTD.

Stone House,
140, Bishopsgate,
LONDON, E.C.2.

The Department of Overseas Trade,
35, Old Queen Street,
S.W.1.

3rd June, 1932.

Dear Sirs,

S.643 - Arms etc. for Yunnan.
Your Ref. 23672/27/S.

With further reference to the correspondence we have exchanged in connection with the above enquiry, we have recently had one or two telegrams from our Shanghai Office asking us to telegraph prices for the Rifles, Machine Guns and Ammunition, covering delivery to the rail head on the Burma Railways. As they have got before them a copy of your letter to us of 22nd April, which outlined the conditions with which we should have to comply before the goods could be shipped from this country, and as it seems to us that some of the conditions would be somewhat difficult to arrange we must say we have been rather surprised at hearing from them. We can only gather, therefore, that there are circumstances attached to the enquiry of which we are not aware, and which our friends consider make it worth while to follow it up in this way. It seems to us, therefore, that we might be justified in asking you to look into the question of the cost of providing an escort for the goods from the terminal station on the Burma Railway to the nearest frontier point, as suggested in your letter referred to above, and if you can do this without too much trouble, we think perhaps it would be as well if preliminary steps were taken towards this end.

We are quoting for delivery to Myitkyina, which is the railhead on the Burma Railways, but have not the least idea how long it would take to convey the goods from that point to the Burma Yunnan frontier. All we can tell you is that if the order covers 10,000 Rifles, 10,000,000 rounds of Ammunition for same, 200 Light

Machine/

Machine Guns and 40 Heavy with about 1¼ million rounds of Ammunition, the total number of cases required would be something like 4,500, ranging in weight from 150 lbs to 315.

We trust that this information will be sufficient for you to commence your enquiries, and with our thanks in anticipation for your kind assistance,

We remain, dear Sirs,

Yours faithfully,

for and on behalf of

ARNHOLD & CO. LTD.

(Sgd.) E.A. Ramer

Sub-Manager.

E.I.

(44)

23672/134/27.

10th June, 1932.

Gentlemen,

With reference to your letter of the 3rd instant, I have to inform you that steps are being taken to obtain from the Government of India an estimate of the cost of escorting through Burma the proposed consignment of arms for Yunnan.

One of the conditions laid down in the Department's letter to you of the 22nd April last was the payment of the cost of escorting the consignment through Burma. That would seem to imply that an escort will be necessary not only from Myitkyina but during the whole period during which the goods are in transit from Rangoon to the frontier. The Government of India will be asked to clear up that point.

It/

Messrs. Arnhold & Co. Ltd.

It is observed that you propose to quote for delivery to Myitkyina. It is understood that the ordinary caravan route for consignments to Yunnan starts from Bhamo and not Myitkyina. Goods by rail for Bhamo are transhipped at Katha and thence go forward to Bhamo by river. You may, however, have considered the possibility of sending the consignment from Rangoon to Bhamo all the way by steamer.

It is understood from a telephone conversation between an officer of this Department and Mr. Rainer of your firm that you are reconsidering the question of the maximum weight of each package in the consignment, with a view to making it possible for the consignment to be carried by mule and coolie transport both of which may be necessary.

Yours faithfully,

for the Comptroller-General.

INDEXED

P.Z.
2953
1932

(46)

PB
With file

19/V

Sir D. Donaldson Esq.

4

2727/32

Forwarded with the Compliments

of the

Comptroller-General.

India Office Ref. P.Z. 2727/32. H.O.

D.O.T. Ref. 23672/27/132

Copy sent to Mr. Bewley (D.O.T.)
18/5/32

19 MAY 1932
CENTRAL REGISTRY

DEPARTMENT OF OVERSEAS TRADE,

35, Old Queen Street,

London, S.W.1.

18.

E.P.

COPY.

23672/27/132.
Enquiry S.643

Confidential.

P.Z. 2955 1932

(47)

DEPARTMENT OF OVERSEAS TRADE,
35, Old Queen Street,
LONDON, S.W.1.

14th May, 1932.

2727/32

Gentlemen,

In continuation of my letter of the 6th instant, I have to inform you that a letter has been received from the India Office expressing doubt regarding the practicability of flying aeroplanes across the Burma-Yunnan frontier, and pointing out the necessity for further information and details of the scheme before a proposition can be put before the Government of India. So far there is on record only the rather vague mention of fighting aeroplanes with machine guns and ammunition and two observation aeroplanes. It is not known whether the Yunnanfu Government have fitters capable of assembling the machines or pilots competent to fly them, or whether they would welcome this method of taking delivery.

There is no aerodrome at Myitkyina, either civil or military, and no facilities exist there for the erection of aeroplanes. There is no organised air route in the north-east of Burma. A flight in that area would therefore be extremely hazardous without a preliminary survey by experienced pilots. The only flying which has been done in the interior of Burma has been by flying boats up the Irrawaddy River.

If a cut and dried scheme can be put forward further consideration will be given to the matter. The approval and co-operation of the Government of Yunnan are of course essential.

Copies of this correspondence are being sent to the Commercial Counsellor at Shanghai, and His Majesty's Consular Officers/

Messrs. Arnhold & Co. Ltd.

Officers at Yunnanfu and Tengyueh in order that they may be acquainted with the situation in the event of your head office at Shanghai deciding to go further into this question of supplying aeroplanes to the Yunnan Government, and approaching them with a request for assistance.

Yours faithfully,

(Sgd.) C.C. FARRER.

for the Comptroller-General.

(49)

Keep

18/V

(1) Mr Bullen to see
(2) Ptl.

Secy E & O Dept

For information.

I doubt very much whether anything will come of this, but in any case Arnold's idea of flying the machines across the frontier strikes me as fantastic.

S. Donaldson

11. V. 32

Lem. Thanks. I should think it very unlikely that the G. of I. would countenance the idea.

W Morgan.

13/V/32

E & O.
3440
1932
REC'D E. & O. REGD.
12 MAY 1932
INDIA OFFICE

F.E.2727/32.

INDIA OFFICE,
WHITEHALL, S.W.1.
10th May, 1932.

Dear Relton

Thank you for your letter of the 6th May, 23672/27/1308 about arms and munitions for the Yunnan Government.

Arnold & Company's proposal for flying the aeroplanes across the frontier does not strike me as a prima facie practical proposition and I think that we should want to have a good deal more information about it, and see the scheme worked out in greater detail before putting it before the Government of India.

First of all we have only the rather vague mention of "fighting aeroplanes with machine guns and ammunition and two observation aeroplanes" in the Consul General Yunnanfu's telegram. We are not told whether the Chinese have fitters capable of assembling the machines or pilots competent to fly them nor do we know whether the Chinese would welcome this method of taking delivery. Further, so far as we know there is no civil aerodrome at Myitkyina/

T.L.Relton Esq., M.B.E.,
Department of Overseas Trade,
35, Old Queen Street,
S.W.1.

Myitkyina, and no facilities for the erection of the aeroplanes, and there is certainly no organised air-route in the north-east of Burma, so that a flight in that area would be extremely hazardous without a preliminary survey by experienced pilots.

I do not think, therefore, that there would be any use our asking for permission at this stage: later on, if a cut-and-dried scheme were put forward, with the approval of the Yunnan Government whose cooperation would be essential, we should be prepared to approach the authorities in India and Burma, but the arrangements would have to be completed locally, and it would probably be better if local enquiries were made first as to the feasibility of the plan.

I have sent a copy of this letter to Bowker at the Foreign Office.

Since writing the above, I have spoken to Squadron Leader Kerby at the Air Ministry, who confirms that there is no civil or military aerodrome at Myikyina - there may be a landing ground at Mandalay before long - but hitherto there has been practically no flying in the interior of Burma except by flying boats up the Irrawaddy.

Yours sincerely, (Sgd.) E.P.Donaldson.

7

PZ 2727/32 (52)

10 MAY 1932

T. L. Nelton Esq M.Bs
Dept of Overseas Trade
350 W Queen St

Thank you for yours of the 6th May 23672/27/130S about arms & munitions for the Yunnan Govt.

Arnhold & Co's proposal for flying the aeroplanes across the frontier does not strike me as a prima facie practical proposition and I think that we should want to have a good deal more information about it, and see the scheme worked out in greater detail before putting it before the C. of I.

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We are not told whether the Chinese have pilots capable of assembling the machines or pilots competent to fly them

nor

Sign
q/v

Copy to R. J. Bowker Esq
F.O.
11/5/32

nor do we know whether the Chinese would welcome this method of taking delivery. Further, so far as we know there is no civil aerodrome at Myitkyina, & no facilities for the erection of the aeroplanes, and there is certainly no organised air-route in the north-East of Burma, so that a flight in that area would be extremely hazardous without a preliminary survey by experienced pilots.

I do not think therefore that there would be any use our asking for permission at this stage: later on, if a cut-and-dried scheme were put forward, with the approval of the Yunnan Govt. whose cooperation would be essential, we should be prepared to approach the authorities in India & Burma, but these arrangements would have to be completed locally and it would probably be better if local enquiries were made first as to the feasibility of the plan.

Yours sincerely.

(Sd.) E. P. DONALDSON.

(I have sent a copy of this to Bowker at No 70.)

FOREIGN OFFICE AND BOARD OF TRADE.

ILL.

INDEXED

F.Z. 2727 1932

2683.

DEPARTMENT OF OVERSEAS TRADE.

New Telephone No.: WHITEHALL 9040.
Telephone: Victoria 9040.
Telegrams: Advantage, Parl, London.

Ref. No. 23672/27/130/S.

35, Old Queen Street,
London, S.W.1.

6th May, 1932.

Dear Donaldson

Upon the receipt of your letter of the 15th April enclosing copy of Government of India telegram No.987 regarding arms, munitions and aeroplanes, for the Governor of Yunnan, we wrote to Arnhold & Co., and sent you a copy of the letter. I now enclose copy of their answer of the 25th April saying that they are referring the matter to their head office in Shanghai, and of a further letter, dated 2nd May, enquiring whether permission could be granted for the aeroplanes to be erected by Chinese fitters in Myitkyina, if an aerodrome exists at that place, and for them to be flown by Chinese pilots to China. Is this a question that you could put to the Government of India?

In.....

E.P.Donaldson, Esq.

In the meantime we have sent an interim reply to Arnhold & Co., a copy of which is also enclosed.

We have sent to the Commercial Counsellor at Shanghai, the Consul General at Yunnanfu, and the Consul at Tengyueh, copies of our letters to Arnhold & Co. of the 4th March and 22nd April and of their letter to us of the 25th April.

I am sending to Bowker a copy of this letter and of its enclosures.

Yours sincerely

E. H. Pelham.

BH.
23672/129/27 S.
COPY.

F.Z.
2727
1932

(55)

ARNHOLD AND CO. LTD.,
Stone House,
140, Bishopsgate,
LONDON, E.C.2.

25th April, 1932.

The Department of Overseas Trade,
35, Old Queen Street,
S.W.1.

Dear Sirs,

Ref. S. 643 - Your Ref. 23672/27/S
Arms and Munitions for Yunnan.

We are obliged for your letter of 22nd instant, giving us details of the various points we will have to observe in dealing with the above enquiry, and before shipment could be effected.

We are afraid that we are not in a position here to say whether certain of the stipulations could be met, but are sending a copy of your letter to our Head Office in Shanghai, asking them to go carefully into the whole matter, and will let you know whether they can promise that the various assurances would be forthcoming.

On receipt of their favourable reply, we shall be pleased to approach you regarding the cost of escorting any consignment of arms through Burma to the Chinese Frontier, but until we have heard from China, will not trouble you to take any steps in this direction.

We are very much obliged, however, for your kind offer of assistance in this way, and would like to express our appreciation of all the trouble your Department has taken in connection with this enquiry.

Yours faithfully,
FOR AND ON BEHALF OF
ARNHOLD AND CO. LTD.,

(Signed) E.M.Rainer.

Sub-Manager.

ILL.
COPY.
23672/27/130/S.

F.Z.
2727
1932

ARNHOLD & CO. LTD.,
Stone House,
140, Bishopsgate,
LONDON, E.C.2.

2nd May, 1932.

The Department of Overseas Trade,
35, Old Queen Street,
S.W.1.

Dear Sirs,

re Enquiry S.643 - Your Ref. 23672/27/S.
Arms and Ammunition for Yunnan.

With further reference to this business, you will no doubt remember that the enquiry includes some Aeroplanes, and while the question of delivering the arms to the Chinese Frontier has been investigated, we have not been able to make very much progress with regard to the Aeroplanes. It seems to us that the only feasible way of getting these into the Yunnan province, and if delivery has to be made from the Burma side, is to take them by rail to the nearest Aerodrome and have them erected there by fitters, which the Chinese Authorities would have to furnish, and then for Chinese pilots to fly the machines to China. It occurs to us that possibly this might be feasible if the Aeroplanes were delivered to Myitkyina, assuming there is an Aerodrome there, but, of course, our suggestion would be subject to the necessary permission being granted by the British Authorities.

If you could give us any indication as to their views to such a proposal as we have outlined above, we should be very much obliged, and with our thanks in anticipation for your reply, which we should appreciate in duplicate,

We beg to remain, Dear Sirs,

Yours faithfully,

For and on behalf of
ARNHOLD & CO. LTD.
(Signed) Sub-Manager.

(57)

ILL.

F.Z.
2727
1932

23672/27/130/8.
Enquiry S.643.

6th May, 1932.

Gentlemen,

I have to acknowledge the receipt of your letter of the 2nd instant relative to the possibility of permission being granted for aeroplanes which are to be purchased by the Government of Yunnan, being erected in Burma by Chinese fitters and flown by Chinese pilots to China.

The question has been referred to the India Office whose observations have been requested.

It is observed that if the aeroplanes are erected in Burma and flown to China by Chinese pilots, the actual delivery of the aeroplanes to the Yunnan Government will take place in Burma. It is presumed that.....

Messrs. Arnhold & Co. Ltd.

that your idea is to have the aeroplanes erected under the supervision of a qualified representative of your firm.

Yours faithfully,

for the Comptroller-General.

INDEXED

Duplicate. By Air Mail. (Copy to India Office and Peking).

Original sent by bag.

Supdt., F & P Dept.

Telegram.

P.Z. 2633 1932

From . . . . . Burma, Maymyo.

To . . . . . Foreign, Simla.

No.151-B-32.

Dated 21.4.1932.

pp 2329

Reference your telegram of 15th April No.987.

Please telegraph whether contents should be communicated to Consul General at Yunnan-fu and British Consul at Tengyueh or whether orders of Secretary of State are to be awaited.

Copy (when received by mail) 18.5.32
to R.J. Bowker Esq. F.O.
T.L. Shelton Esq. M&S. D.O.T.
O.P.6.

ENCLOSURE IN INDIA FOREIGN SECRETARY'S Letter No 60 M. Dated 23 APR. 1932 Received 4 MAY. 1932

(60)

P.Z. 2633 1932

Telegram.

From . . . . . Foreign, Simla.

To . . . . . Burma, Maymyo.

No.559-X., Dated the 23rd April 1932.

Your 151-B-32 April 21st. Arms for Yunnan. Correspondence already sent Consul Tengyueh. Please communicate contents of Government of India telegram No.987 to Consul General Yunnanfu for information only.

ENCLOSURE IN
INDIA FOREIGN SECRETARY'S
Letter No 60 M.
Dated 23 APR. 1932
Received 4 MAY. 1932

Copy for F/O

(61)

LONDON, S. W. 1.

P.Z. 2564/32. 2nd May, 1932.

My Dear Bowker

Paragraph 4 of Mr. Handley-Derry's despatch of 18th February of which you sent us a copy with your P.L. F.3674/27/10, of the 29th April gives the origin of the correspondence about the supply of arms to Yunnan through Burma ending with the Department of Overseas Trade letter to Arnhold & Company of the 21st April of which Relton sent a copy to you and to me.

I was wondering (though it is not my business) whether you had thought of sending a copy of the despatch to the Department of Overseas Trade.

I have heard nothing further from Relton as to Arnhold's reactions to his letter of 21st April.

Bowker telephone that copy will be sent 3/V

Yours ever

(Sd.) E. P. DONALDSON.

R.J. Bowker Esq.

Foreign Office,

S. W. 1.

P.Z. 2564.

Copy extract from Despatch No. 2 dated 18/2/32 from Acting British Consul-General, Yunnanfu, on Yunnan Political Situation.

X X X

4. On the 12th instant, Li Kuo-ch'ing, the interpreter at the Bureau of the Special Deputy of the Wai Chiao Pu, called at this Office and asked if there were any means by which a British firm could get arms and munitions to Yunnan. He suggested that the route via Burma might be used, when the consignment could be transported either by mule train or by means of porters. I told him that, provided the local Government obtained huchao from the recognised Chinese Government, I did not see that there would be any difficulty in putting the Yunnan Government in touch with a British armament firm. He said that he would have to go into the matter at length with the Governor and that he would then let me know. He came again yesterday, and left with me a list of the requirements of the local Government. This list I have communicated direct to the Commercial Secretary at Shanghai.

X X X X

(63)

PB
on file.

23/iv

Forwarded with the Compliments

of ~~the~~ Mr Relton

~~Comptroller-General.~~

with reference to Mr Donaldson's
letter of April 15th

Copy sent to Mr Bowker
(20).

DEPARTMENT OF OVERSEAS TRADE,

35, Old Queen Street,

London, S.W.1.

(64)

ILL.

23672/27/S

21st April, 1932.

Gentlemen,

In continuation of the Department's letter of the 4th ultimo and to a telephonic conversation with Mr. Bell on the 20th instant, relative to the requirements of the Government of Yunnan in the matter of arms and munitions, I have to inform you that the Government of India have agreed to grant facilities for the transport of these arms through Burma on the following conditions, namely that:-

(1) His Majesty's Consul at Tengyueh is satisfied that the Chinese Local Government is in a position to and will actually make satisfactory arrangements to accept delivery of convoys on the frontier and for their protection from the frontier so as to prevent the munitions from falling into wrong hands.

(2) The payment beforehand of the cost of escorting the consignment through Burma.

(3).....

Messrs. Arnhold & Co.

(3), The passing of the munitions through Burma in such order and in such quantities as may be convenient to the Government of Burma.

(4) It is recognised that the permission to allow the munitions to pass through Burma is granted as a matter of courtesy and cannot be demanded as a matter of right.

If you are still interested in the enquiry, you will, no doubt, be good enough to inform the Department whether you are prepared to accept the above conditions. If so, steps will be taken to ascertain what the approximate cost of escorting the consignment through Burma to the Chinese frontier will be.

Yours faithfully,

for the Comptroller-General.

(66)

INDIA OFFICE,

WHITEHALL, S.W. 1.

15th April, 1932.

Dear Relton,

With reference to correspondence ending with our official letter, P.Z. 1994/32, of the 1st April, about arms and munitions for the Governor of Yunnan, I enclose copy of a telegram which we have received from the Government of India to-day, in which they indicate the conditions on which they would be prepared to grant facilities for transport of these munitions through Burma.

If Messrs. Arnhold and Company are still interested in the enquiry, perhaps you would find out from them whether they are prepared to accept the conditions, and, if so, we would ascertain from Burma approximately what the cost of escorting the consignment to the Chinese frontier would amount to.

I am sending a copy of this letter and its enclosure to Bowker at the Foreign Office.

(Sgd.) E.P. Donaldson.

T.L. Relton, Esq., M.B.E.,
Department of Overseas Trade.

(67)

INDIA OFFICE,

WHITEHALL, S.W. 1.

15th April, 1932.

Dear Bowker,

With reference to my letter of the 10th March, P.Z. 1549/32, I enclose copy of a further letter I have sent to Relton of the Department of Overseas Trade about the Governor of Yunnan's enquiry for arms to be delivered through Burma at the Chinese frontier, and a copy of the Government of Burma's telegram of the 14th March, referred to in the correspondence.

(Sgd.) E.P. Donaldson.

R.J. Bowker, Esq.,
FOREIGN OFFICE,
S.W. 1.

INDEXED

FILE COPY

P.Z. 2329 1932

(68)

Copies to Bowker + Rellon see above

LJS/DT. (74 groups) 2096

DECYPHER OF TELEGRAM.

(COPIES CIRCULATED) From Government of India, Foreign and Political Department, to Secretary of State for India.

Dated Simla, 15th April, 1932.

Received 11.0 a.m., 15th April, 1932.

X

pp 1994

987. Addressed to Secretary of State and repeated to Burma, reference their telegram 151-B April 5th.

1549. Your telegram of the 9th ultimo, 767. Arms for China.

Please see Burma telegram 18, March 14th, forwarded with Foreign Secretary's weekly air mail letter of March 19th. Orders 1994 of 1919 to which they refer, were, as you know, cancelled by abrogation in 1929 of previous agreement between His Majesty's Government and other powers.

4139/19 flag B.

3. We consider Burma Government's objections will be met if Consul at Tengyueh is satisfied that Chinese Local Government can and do make adequate arrangements to accept delivery of convoys on the frontier and for their protection from the frontier as far as Tengyueh so as to prevent munitions from falling into wrong hands. We should also expect importers to pay beforehand the cost of escorting the consignment through Burma and require their previous consent to our passing of the munitions through in such order and in such quantities as may be convenient to Burmese Government. On these conditions, we agree to grant facilities for transit. We should like it to

be/

be recognised that we accede to this request only as matter of courtesy and in token of goodwill, and that it cannot be demanded as matter of right.

Note. Paragraph No.2 has not been telegraphed.

BY AIR MAIL.

FILE COPY

COPY TO INDIA OFFICE AND PEKING.

INDEXED

(3)

Telegram R. No. 18, dated (and recd.) 14th March 1932.

From - Burma, Rangoon.

To - Foreign, New Delhi.

pp 1856

Following telegram dated March 10th received from Britain, Yunnan-Fu Begins. Following message sent to Commercial Counsellor Shanghai. Begins. Secretary to Commissioner of Foreign Affairs has come on behalf of Yunnan Government to ask whether quotations from British armament firms may be supplied as regards following:-

1. 10,000 Infantry rifles 79 millimetres with 1,000 rounds per rifle.
2. 200 light machine guns with 5,000 rounds per gun.
3. 40 heavy machine guns with 5,000 rounds per gun.
4. 20 anti-aircraft guns with 5,000 rounds per gun.
5. Fighting aeroplanes with machine guns and ammunition.
6. 2 Observation aeroplanes.

Whole would be covered by proper authenticated Central Government Huchow. Quotations should be cost, insurance, freight Chinese frontier via Burma. Ends. Foreign Office London telegraph that above should be repeated to Government of Burma for repetition to Government of India. Arnhold and Company propose to quote and have been informed that consent of Government of India would be required for transit of arms through Burma. Can this consent be given. March 10th. Ends.

Proposal appears to be barred by orders in letter No. 781 Police August 6th 1919 from Home Department and Local Government does not welcome idea of these arms being delivered at Chinese frontier.

ENCLOSURE IN INDIA FOREIGN SECRETARY'S Letter No 42 M. Dated 19 MAR. 1932 Received 31 MAR. 1932

BY AIR MAIL.

(Copy to India Office, and Peking).

INDEXED

CONFIDENTIAL.

P.Z. 1856 1932

GOVERNMENT OF INDIA.

FOREIGN AND POLITICAL DEPARTMENT.

Express Letter.

From

Foreign

New Delhi.

To

Burma

Rangoon.

pp 1549

No. F.51-X/32.

Dated the 14th March 1932.

Reference enclosed copy of

Letter from the Dominions Office No. 6360/15, dated 19th January 1932, with enclosure.	correspondence noted in the margin.
Letter from the Board of Trade, No. C.R.T.339/32, dated 29th January 1932, with enclosure.	
Telegram from the Dominions Office No. 15, dated the 5th February 1932.	2. It is requested that
Telegram from His Majesty's Secretary of State for India, No. 767, dated 9th March 1932.	on receipt of

1549

telegram from Consul General, Yunnanfu, Government of India may be furnished with views of local Government.

ISSUE OF THE ABOVE HAS BEEN AUTHORISED.

Sd/- ~~F.V. Wylie~~, H.A.F. Metcalfe,

Deputy Secretary to the Government of India.

ENCLOSURE IN
INDIA FOREIGN SECRETARY'S
Letter No 39 M.
Dated 12 MAR. 1932
Received 22 MAR. 1932

P 2154 9/32

Draft Paper. (6) 11/III Department.

T. L. Relton Esq MBE
DOT

35 C 54
S. W. 1.

10 MAR 1932

Dear Relton

Thanks for your l. of 8th March. I enclose copy of a telm we have sent to India; we will let you know the reply when it arrives.

I have sent Bowker a copy of my letter of 7th March & a copy of the telm. to the G. of I.

Yours sincerely.

(Sd.) E. P. DONALDSON.

Sign (2 hs)
9/III

(6)

R. J. Bowker Esq
FO.

10 MAR 1932

Dear Bowker

I enclose a copy of my letter of 7th March to Relton about the Governor of Jumna's enquiry for arms & munitions to which his letter 23672/278/123 of 8th March is a reply, and a copy of the telm we have sent to the G. of I. in accordance with our suggestion which he has accepted.

The paper about general policy quoted in the telm. is based on F.O. letter F 391/37/10 of 29th Jan? to the D.O.

Yours ever

(Sd.) E. P. DONALDSON.

35B 3000 5.31

(73)

1 Blue
6 Skinner

P 2 1549/32

Draft Paper. **Department.**

C

Draft Telm.

S/S to G. of Y. F. P. Dept.

Cypher
x 767

Consul General Yunnanfu's telm. to Commercial Counsellor Shanghai regarding arms for Yunnan Govt. Please telegraph your views as to grant of facilities for transit through Burma & for General policy of Hmg. towards export of arms to China see Doms. Office telm. to Canada enclosed in Pol Dept weekly tr. d. 11th Feb. P 2 865/32.

Send
Mw.
7. 3.

SEEN BY	DATE	TIME
REGD. IN TEL. BCH.	9/3/32	4.25 pm
CODE, X or XX	X	
DESPATCHED	9/3/32	5.45 pm
No. OF WORDS	27	
SENDER'S INITIALS		

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CB.

FOREIGN OFFICE AND BOARD OF TRADE.

P.Z. 1549 1932

DEPARTMENT OF OVERSEAS TRADE.

Telephone : Victoria 9040.
Telegrams : Advantage, Parl, London.
Codes: Liebers, A.B.C. 6 ed. &c.

35, Old Queen Street.
London, S.W.1.

Ref. No. 23672/278/123.

P.Z. 1434 8th March, 1932.

Dear Donaldson

Many thanks for your letter of yesterday's date No. P.Z.1434/32, regarding arms and munitions for the Governor of Yunnan, and for informing the Government of India by air mail.

We prefer your second alternative, and enclose a copy of the telegram which we have sent to the Consul-General, Yunnanfu. Would you now be so good as to telegraph to the Government of India for their views, as you suggest ?

I am sending a copy of this letter to Bowker at the Foreign Office.

Yours sincerely

E. P. Donaldson, Esq.

(75)

23672/27/3/123

F.O. 1549 1932

8 March, 1932.

COPY OF ~~DRAFT~~ TELEGRAM.

Code "R"

H.M.Consul-General,
Yunnanfu.

No distribution.

Please repeat to the Government of Burma for repetition to Government of India your telegram to Commercial Counsellor at Shanghai on the subject of arms for Yunnan Government, adding that Arnhold and Company propose to quote and that they have been informed that the consent of Government of India for the transit of the arms through Burma would be required.

Costs recoverable from:

Arnhold & Company.

(76)

LONDON, S. W. 1.

P.Z. 1434/32. 7th March, 1932.

Dear Relton

With reference to your letter 23672/273/122, of the 4th March regarding the Governor of Yunnan's enquiry for arms, ammunition and aeroplanes to be delivered via Burma, I write to say that we have sent a copy of your letter and the commercial counsellor's telegram which you enclosed to the Government of India by air mail. The papers will reach the Government of India in about ten days and we could then telegraph for their views. Will this meet the case? If you consider it desirable to obtain the Government of India's views as to the possibility of transit through Burma more urgently we suggest that you should telegraph to Yunnanfu requesting the Consul General to repeat his message to the Government of India and the Government of Burma and to add that Arnhold & Company, Limited who propose to quote for the arms have been informed that the consent of the Government of India for the transit of the arms through Burma would be required./

T.L. Relton Esq.
Department of Overseas Trade.

required. On hearing from you that this has been done, we could telegraph at once to the Government of India for a statement of their views.

Yours sincerely.

(Sd.) E. P. DONALDSON.

Draft Paper. (6)

Sign Today
7/3

P2 1434/32

Department.

T. L. Kelton Esq
D.O.T.
35 Old Queen St
S.W.1.

The papers will reach the F.O. in about ten days & we could then telegraph for their views, will this meet the case? If you consider it desirable to obtain the F.O.'s views as to the possibility of transit through Burma more rapidly we

Mr Walton

I think this is what we agreed we could do.

Shall I sign?

5/3

Mr. Donaldson

I think this will be enough. The point I had in mind is that if the D.O.T. wish the F.O.'s views to be obtained by telegraph (this letter does not say so) it will save a long telegram from here if Yunnan in first reports his views to India.

J. D.

F.O. for a statement of their views

If Yunnan, you consider it desirable I spoke this enquiry at once

7 MAR 1932

Dear Kelton

With ref: to your letter 23672/275/122 of the 4th inst regarding the Governor of Yunnan's enquiry for arms ammunition & aeroplanes to be delivered via Burma, I write to say that we have sent a copy of your letter & the commercial counsellor's letter which you enclosed to the F.O. by air mail. We suggest that you should telegraph to Yunnan-fu requesting the Consul-General to repeat his message to the F.O. by Burma and to add that Arnhold & Co. Ltd who propose to quote for the arms required have been informed that the consent of the G.O.C. for the transit of the arms through Burma will be required. On hearing from you that this has been done we could telegraph at once to the F.O. for a statement of their views.

~~As soon as an application for an~~ Export licence has been made to the B.O.T. by a British firm, we shd be prepared to telegraph to the F.O. and enquire whether, in the special circumstances, they would be prepared to give facilities for the transit of the munitions in question through Br. Indian territory to the Chinese frontier, but we do not feel justified in making the enquiry at present before it is known whether Messrs. Arnhold's quotation (or that of any other Br. firm) is likely to be accepted by the Chinese Provincial Govt.

Yours sincerely.

(Sd.) E. P. DONALDSON.

35B 3000 5.31

INDEXED

FOREIGN OFFICE AND BOARD OF TRADE.

PZ 1434
32 India (Air Mail

(79)

CB.

IMPORTANT.

P.Z. 1434 1932

DEPARTMENT OF OVERSEAS TRADE.

Cover 7/9

Telephone: Victoria 9040.
Telegrams: Advantage, Parl, London.
Codes: Liebers, A.B.C. 6 ed. &c.

Ref. No. 23672/27/S/122.

35, Old Queen Street,
London, S.W.1.

4th March, 1932.

Dear Donaldson,

With reference to our telephone conversation this morning, I enclose a copy of the telegram from the Commercial Counsellor at Shanghai on the subject of an enquiry for arms, ammunition, and aeroplanes, required by the Governor of the Province of Yunnan, in China.

The firm in London who have approached us on the subject is Arnhold & Company, Limited, Merchants, Stone House, Bishopsgate, E.C.2. They have branch offices in different parts of China, and have, we understand, had previous experience of the supply of arms to China.

As .....

E. P, Donaldson, Esq.

Copy by Air Mail 4/3/32

ENCLOSURE IN WEEKLY LETTER
No. Z10 10 MAR. 1932
FROM SECRETARY, POLITICAL AND SECRET DEPT. INDIA OFFICE

As arranged, we have told them that a Board of Trade export license will only be granted after the production of a permit signed by the Chinese Minister in London, and provided that no objection to the transport of arms through Burma is raised by the Government of India, with whom your Department is in communication.

Yours sincerely,

J. Reith.

(81)

F.Z.
1434
1932

NO DISTRIBUTION.

[illegible]ecode. Mr. Brett (Shanghai)
3rd March, 1932.

D. 10.57 a.m. 3rd March, 1932.

R. 11.00 a.m. 3rd March, 1932.

No.4. (D.O.T.) (R).

.....

Following from Consular Officer Yunnanfu, is transmitted for such action as you may consider advisable.

"Secretary of Commissioner for Foreign Affairs has come on behalf of governor to ask whether quotations by British armament firms may be supplied as regards following.

1. 10,000 infantry rifles, 79 millimetre, with 1,000 rounds of amunition per rifle.

2. 200 light machine guns with 5000 rounds per gun.

3. 40 heavy machine guns with 5000 rounds per gun.

4. Light field guns with 500 rounds per gun.

5. Fighting aeroplanes with machine guns and ammunition.

6. Two observation aeroplanes.

The whole would be covered by properly authenticated Central Government Huchao. Quotation should be C.I.F. Chinese frontier via Burma".

I have informed local agents of British manufacturers most likely to be interested.

(82)

Register No.

Minute Paper. Political Department.

Letter from

Dated 190 .

Rec.

Formally acknowledged

	Date.	Initials.	SUBJECT.
To Under Secretary.....			
Secretary of State			
Committee			
Under Secretary.....			
Secretary of State			
Council ..... *Box.* *Table.*			

Copy to

Previous Papers :—

3712. I. 1354. 2000.—7/1908.

Export of Arms to China (Yunnan) Via Burma (5 Mar 1932-6 Feb 1933). 5 Mar 1932-6 Feb 1933. MS Political and Secret Department Records: Series 12: Departmental Papers: Political (External) Files and Collections (1903-1950): Political (External) Collection 7: Arms, Ammunition and Arms Traffic (1912-1949) IOR/L/PS/12/2179. British Library.